

Message Text

LIMITED OFFICIAL USE

PAGE 01 WELLIN 02216 01 OF 02 010428Z

21

ACTION TRSE-00

INFO OCT-01 AF-06 ARA-06 EA-06 EUR-12 NEA-10 IO-10 ISO-00

FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01 USIA-06

PRS-01 SP-02 OMB-01 XMB-02 /133 W
----- 031758

R 010315Z AUG 75

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 9997

INFO USMISSION GENEVA

USMISSION OECD PARIS

USDEL MTN GENEVA

LIMITED OFFICIAL USE SECTION 1 OF 2 WELLINGTON 2216

E.O. 11652: N/A

TAGS: ETRD, NZ

SUBJECT: NEW ZEALAND'S 1975-76 IMPORT LICENSING SCHEDULE

REF: A. STATE 124305

B. WELLINGTON 864

1. IN ACCORDANCE WITH THE ACTION REQUESTED IN PARA 5 OF
REFTEL A, CONCERN OF USG OVER GNZ INCREASED TRADE RESTRIC-
TIONS IN TH 1975-76 IMPORT LICENSING SCHEDULE WAS COMMUNICATED
TO GNZ OFFICIALS.

2. ON JULY 30, THE DIRECTOR, ECONOMIC DIVISION OF THE
MINISTRY OF FOREIGN AFFAIRS HANDED TE EMBASSY COMM ATTACHE, AN
AIDE MEMOIRE RESPONDING SPECIFICALLY TO POINTS RAISED PER
REFTEL. TEXT OF THE AID MEMOIRE FOLLOWS:

"THE NEW ZEALAND GOVERNMENT HAS NOTED TH COMMENTS OF
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 WELLIN 02216 01 OF 02 010428Z

THE UNITED STATES GOVERNMENT CONCERNING THE 1975-76 IMPORT

LICENSING SCHEDULE. IT DOES NOT, HOWEVER, CONSIDER THAT THE 1975-76 IMPORT LICENSING SCHEDULE RUNS COUNTER TO NEW ZEALAND'S COMMITMENT UNDER THE OECD TRADE PLEDGE. WHEN NEW ZEALAND RENEWED THE TRADE PLEDGE, IT REITERATED THE RESERVATION THAT THE PLEDGE IS DEEMED NOT TO APPLY TO THE NON-OIL INDUCED PART OF NEW ZEALAND'S BALANCE OF PAYMENTS DEFICIT. THEREFORE, IN ACCORDANCE WITH NEW ZEALAND'S RESPONSIBILITIES AS A WORLD TRADING NATION, AND ITS COMMITMENT TO THE TRADE PLEDGE, THE NEW ZEALAND GOVERNMENT HAS ESTABLISHED AN IMPORT LICENSING SCHEDULE FOR 1975-76 WHICH IT CONSIDERS WILL AVOID DISRUPTION OF REGULAR TRADE FLOWS, BUT WILL RESTORE SOME STABILITY TO THE NON-OIL INDUCED PART OF NEW ZEALAND'S BALANCE OF PAYMENTS DEFICIT. THE NEW ZEALAND GOVERNMENT BELIEVES THAT THIS ACTION IS IN KEEPING WITH THE COOPERATIVE SPIRIT OF THE TRADE PLEDGE.

THE ANSWERS TO THE SPECIFIC POINTS RAISED BY THE UNITED STATES GOVERNMENT ARE AS FOLLOWS:

(I) WHAT IS THE PERCENTAGE OF NEW ZEALAND IMPORTS REGULATED BY IMPORT LICENSING?

FOR THE YEAR ENDED 23 JUNE, 1975 ABOUT 30 PER CENT (BY VALUE) OF NEW ZEALAND'S TOTAL PRIVATE IMPORTS WERE SUBJECT TO IMPORT LICENSING. THIS SHOWS LITTLE VARIATION FROM THE PREVIOUS YEAR.

(II) WHAT IS THE BASIS FOR MAINTENANCE OF IMPORT LICENSING AFTER CESSATION OF GATT ARTICLE 12 INVOCATION IN 1972?

IN MAY 1973, WHEN THE GOVERNMENT OF NEW ZEALAND NOTIFIED CONTRACTING PARTIES TO THE GATT THAT IT NO LONGER WISHED TO INVOKE ARTICLE XII, IT STATED THAT, IN VIEW OF NEW ZEALAND'S CURRENT BALANCE OF PAYMENTS AND RESERVE POSITION, IT NO LONGER CONSIDERED IT NECESSARY TO HAVE RECOURSE TO LIMITED OFFICIAL USE.

LIMITED OFFICIAL USE

PAGE 03 WELLIN 02216 01 OF 02 010428Z

TO ARTICLE XII, IT ALSO STATED HOWEVER, THAT THE PRICES OF NEW ZEALAND'S MAJOR EXPORTS WERE NOTORIOUSLY UNPREDICTABLE AND ITS BALANCE OF PAYMENTS SITUATION WAS STILL LIABLE TO SUDDEN ADVERSE MOVEMENTS. THE NEW ZEALAND GOVERNMENT SAID THAT IT WAS ENGAGED IN A FUNDAMENTAL REAPPRAISAL OF NEW ZEALAND'S ECONOMIC STRATEGY AS A WHOLE, THAT AN EXAMINATION OF THE PRESENT IMPORT

REGIME WOULD BE AN INTEGRAL PART OF THE STUDY AND THAT THE EXAMINATION WOULD TAKE INTO ACCOUNT NEW ZEALAND'S INTERNATIONAL OBLIGATIONS, INCLUDING ITS OBLIGATIONS UNDER GATT.

WHEN THIS STATEMENT WAS MADE TO THE GATT COUNCIL, THE THEN STRENGTH OF NEW ZEALAND'S BALANCE-OF-PAYMENTS SITUATION ENCOURAGED THE NEW ZEALAND GOVERNMENT TO BELIEVE THAT THIS FUNDAMENTAL REAPPRAISAL COULD BE COMPLETED, AND ITS RESULTS IMPLEMENTED, IN A RELATIVELY SHORT PERIOD OF TIME.

SINCE THEN, WORLD WIDE MONETARY INSTABILITY AND INFLATION, AND THE ENERGY CRISIS, TOGETHER WITH THE IMPOSITION OF IMPORT RESTRICTIONS ON NEW ZEALAND'S AGRICULTURAL EXPORTS TO MANY MARKETS, AND A DECLINE IN PRICES FOR ITS MAIN EXPORT COMMODITIES, HAVE PRODUCED A DRAMATIC REVERSAL IN OUR BALANCE OF PAYMENTS SITUATION.

THIS DEVELOPMENT, AND THE CONTINUING THREAT TO THE NEW ZEALAND ECONOMY POSED BY THE PRESENT UNCERTAINTY IN INTERNATIONAL TRADE, HAVE SEVERELY INHIBITED THE PACE AT WHICH THIS REAPPRAISAL COULD BE PURSUED. DESPITE THESE DIFFICULTIES, THE IMPLICATIONS OF WHICH WERE FULLY REVIEWED AND UNDERSTOOD AT THE RECENT EXAMINATION OF NEW ZEALAND'S TRADE POLICIES IN THE OECD, THE GOVERNMENT IS CARRYING OUT ITS STATED INTENTION THROUGH A PROGRAMME OF INDUSTRY STUDIES, AND AN OVERALL REVIEW OF THE TARIFF. IT IS NOT EXPECTED HOWEVER, EVEN WITH A SIGNIFICANT UPTURN IN WORLD ECONOMIC CONDITIONS, THAT THIS WORK COULD BE COMPLETED INSIDE TWO YEARS.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 WELLIN 02216 01 OF 02 010428Z

THE NEW ZEALAND GOVERNMENT APPRECIATES THAT, FOR THE TIME BEING, WHAT REMAINS OF ITS IMPORT LICENSING SYSTEM IS, TECHNICALLY, WITHOUT GATT COVER. THE CURRENT DIFFICULTIES ONLY SERVE TO HIGHLIGHT, HOWEVER, THAT THE GENERAL AGREEMENT'S PROVISIONS DO NOT READILY LEND THEMSELVES TO THE SITUATION OF COUNTRIES SUCH AS NEW ZEALAND. AN ADDITIONAL FACTOR OF RELEVANCE IS THAT A LARGE PROPORTION OF NEW ZEALAND'S EXPORT TRADE TAKES PLACE UNDER CONDITIONS WHICH NEW ZEALAND WOULD REGARD AS ALSO BEING OUTSIDE THE DISCIPLINE OF THE GENERAL AGREEMENT.

NEW ZEALAND TOO, IS ACTIVELY CONTRIBUTING TO

THE BROAD EFFORT OF TRADE REFORM IN THE MTN, AND
LOOKS FORWARD TO THE DEVELOPMENT OF SOLUTIONS THAT
RECOGNISE THE NEED FOR ALL TRADE TO BE ENCOMPASSED
IN THE SECURITY OF THE GATT, TO THE BENEFIT OF ALL
PARTICIPANTS.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 WELLIN 02216 02 OF 02 010421Z

21

ACTION TRSE-00

INFO OCT-01 AF-06 ARA-06 EA-06 EUR-12 NEA-10 IO-10 ISO-00

FEA-01 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 EB-07

FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05

PA-01 AID-05 CIEP-01 SS-15 STR-04 TAR-01 USIA-06

PRS-01 SP-02 OMB-01 XMB-02 /133 W

----- 031576

R 010315Z AUG 75

FM AMEMBASSY WELLINGTON

TO SECSTATE WASHDC 9998

INFO USMISSION GENEVA

USMISSION OECD PARIS

USDEL MTN GENEVA

LIMITED OFFICIAL USE SECTION 2 OF 2 WELLINGTON 2216

(III) THE EARLY ELIMINATION OF THE IMPORT
LICENSING PROGRAMME.

THE UNITED STATES GOVERNMENT WILL UNDERSTAND
FROM THE FOREGOING THAT THE FURTHER ELIMINATION OF
NEW ZEALAND'S LICENSING CONTROLS WILL DEPEND ON
DEVELOPMENTS IN NEW ZEALAND'S ECONOMIC SITUATION
GENERALLY, WHICH IN TURN WILL BE INFLUENCED BY THE
ACTION TAKEN BY OTHERS TO LIBERALISE TRADE IN AREAS
IN WHICH NEW ZEALAND HAS A PARTICULAR INTEREST.
DESPITE THE ADVERSE FACTORS REFERRED TO HOWEVER,
THE MINISTER OF TRADE AND INDUSTRY SAID EARLIER
THIS YEAR THAT THERE WAS TO BE NO MOVE TOWARDS

BLANKET LICENSING CONTROL OF IMPORTS.

AS REGARDS TO REIMPOSITION OF IMPORT CONTROL
AS AN EMERGENCY MEASURE ON WOVEN PLYESTER FABRICS
AND WARP KNITTED FABRICS THE NEW ZEALAND GOVERNMENT
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 WELLIN 02216 02 OF 02 010421Z

HAS AGREED TO ENTER INTO CONSULTATIONS WITH THE
U.S. UNDER GATT ARTICLE XIX AND THIS HAS BEEN
COMMUNICATED TO THE UNITED STATES MISSION IN GENEVA."

3. AS THE DEPARTMENT WILL NOTE FROM TENOR OF GNZ
REPLY, NOT MUCH CAN BE HOPED FOR BY WAY OF EARLY
ELIMINATION OF MORE SIGNIFICANT RESTRICTIVE TRADE PRACTICES.
THE DEGREE TO WHICH GNZ FEELS IT IS OBLIGATED TO COMPLY
WITH THE DIFFERENT TRADE AGREEMENTS AND PLEDGES
IT+@K*)QUNTU5QQWAQW@_M8LC9R,TJ:7EPW(R?QIU2N@1WZH@K;!Q**_GKC(?"?Q"?* W
.5
/QWZ(';Z!EA U
F;ZRN &Q@EH(4JWZ1UAT.
Q\$)V)*C1GW"G".<HY#65Q@
(GW9?P1Q-QGVQ
KKT-*5VT"FW*QA?_;!PQP\$@@.(
_JQ@)\$ (RW?T)'G,N-C\$,MN&@|3#!Q+Q-2&T"L_K?QVJ4U*0<6&"7.ERBV)W\$;G=H>!)HGF@_KW6N

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE CONTROLS, IMPORT LICENSES, AIDE MEMOIRE
Control Number: n/a
Copy: SINGLE
Draft Date: 01 AUG 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: RowellE0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975WELLIN02216
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750265-0494
From: WELLINGTON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750888/aaaacztc.tel
Line Count: 245
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION TRSE
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 5
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 STATE 124305
Review Action: RELEASED, APPROVED
Review Authority: RowellE0
Review Comment: n/a
Review Content Flags: ANOMALY
Review Date: 21 MAY 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <21 MAY 2003 by ShawDG>; APPROVED <02 OCT 2003 by RowellE0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: NEW ZEALAND'S 1975-76 IMPORT LICENSING SCHEDULE
TAGS: ETRD, NZ, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006